

Housing Benefit: size criteria for people renting in the social rented sector

Introducing restrictions to Housing Benefit for working age customers living in the social rented sector who are occupying a larger property than their household size requires.

Equality impact assessment

October 2011

Equality impact assessment for introducing restrictions to Housing Benefit for working age customers living in the social rented sector who are occupying a larger property than their household size requires

Brief outline of the policy

1. Housing Benefit claimants living in the social rented sector (which includes local authority tenants, tenants of registered providers of social housing and registered social landlords), generally have no restrictions placed on the size of accommodation that they occupy. The amount of Housing Benefit to which they are entitled, and the eligible rent part of the Housing Benefit calculation, is unrelated to the size of accommodation that claimants actually require – it is based simply on the accommodation that they actually occupy.
2. When tenants are placed into accommodation in the social rented sector, the housing needs of the household will be considered by the housing provider. However, these needs may change over time. There is no systematic review to consider whether the accommodation that the tenant has been allocated remains the most appropriate.
3. In a small number of cases, where the claimant is a tenant of a registered provider of social housing or registered housing association, the local authority Housing Benefit teams may refer individual cases to the rent officer where the accommodation is considered too expensive or too large for the needs of the claimant and their household. In practice, however, this happens rarely.
4. As a consequence, eligible rent levels for claimants in the social rented sector are not currently determined by reference to the size of the claimant's household. This is in contrast to the rules that apply in the private rented sector. In the private

rented sector, claimants only receive Housing Benefit for accommodation based upon the reasonable accommodation needs of their household.

5. From 1 April 2013 it is intended to introduce size criteria for new and existing working-age Housing Benefit claimants living in the social rented sector. The size criteria will replicate the size criteria that apply to Housing Benefit claimants in the private rented sector and whose claims are assessed using the local housing allowance rules. The applicable maximum rent will be reduced by a national percentage rate depending on how many bedrooms the household is considered not to require. Amendments to allow this are contained in the Welfare Reform Bill 2011.
6. A bedroom for a non-resident carer will also be taken into account in determining the relevant size criteria where that carer provides necessary overnight care for the claimant or their partner.
7. The change will only apply to working-age Housing Benefit claimants. Until April 2010, working-age included claims where both the claimant (and any partner) was under the age of 60. By 2020, legislation currently provides that the relevant age threshold will be 65 (in line with changes in the state pension age for women, and entitlement to the guarantee element of state pension credit). New and existing Housing Benefit claims from those claimants who have reached the qualifying age for state pension credit will be unaffected by this measure.
8. The use of a percentage takes account of different rent levels in different parts of the country, and helps to reflect the additional rent associated with additional numbers of bedrooms. Figures in this Equality Impact Assessment are based on rent differentials for new social sector lettings in a typical local authority.

Reason for change in policy

Policy Objective

9. This measure is being introduced in order to:
 - contain growing Housing Benefit expenditure;
 - encourage greater mobility within the social rented sector;
 - make better use of available social housing stock; and
 - improve work-incentives for working-age claimants.
10. The change will provide a mechanism through which there is greater incentive to make the most efficient use of available social housing. Both social landlords and social tenants will have greater incentive to ensure that there is a better match between housing need and the accommodation provided to a tenant.

Rationale for Intervention

11. Expenditure on Housing Benefit has increased significantly from £11 billion in 2000/01 (£14 billion in 2010/11 prices) to about £22 billion in 2010/11.
12. At October 2010, there were approximately 3.3 million Housing Benefit claimants living in the social rented sector. Claimants in the social rented sector made up approximately 69% of all Housing Benefit claimants. The overall cost of Housing Benefit needs to be controlled, and reduced in order to tackle the budget deficit. This measure is part of the effort to rein in Housing Benefit expenditure.
13. There is currently little reason for Housing Benefit claimants in the social rented sector to move from accommodation which is too large for their needs. The match between the size of accommodation and the household is irrelevant for calculating Housing Benefit entitlement for the vast majority of these Housing Benefit claimants. This could be seen as inequitable when compared with the operation of Housing Benefit in the private rented sector. It is unfair to allow tenants in the social rented sector to enjoy more spacious accommodation than they could justify if they were on Housing Benefit in the private rented sector. In these circumstances it would be reasonable for under occupying claimants in the social rented sector to make some contribution towards more generously sized accommodation or to move.
14. Based on the findings of the English Housing Survey from 2008/09, approximately 59% of tenants in the social rented sector were in receipt of Housing Benefit. This figure is now likely to be higher given increases in the Housing Benefit caseload as a consequence of the recession.
15. The high proportion of tenants in receipt of Housing Benefit means that it has the potential to influence the behaviour and actions of many tenants and landlords. It is this role that the introduction of the size criteria intends to capitalise on, providing support where accommodation is suitable for the needs of the tenant; and providing an economic incentive for tenants to move to smaller properties where their accommodation is considered larger than necessary to meet their needs and those of their household.
16. Housing Benefit claimants in the social rented sector will face similar choices to their counterparts in the private rented sector: Tenants will need to choose whether to occupy appropriately sized accommodation, or pay towards accommodation which is larger than the needs of their household. Where the choice is to move, the lower rent will help to provide an additional work incentive, and enable claimants to 'float off' Housing Benefit at lower income levels than would currently be the case.
17. Attempts to encourage mobility in the social rented sector, by providing tenants with financial incentives to move to smaller accommodation (for example, by covering removal costs or to provide other financial sweeteners), have so far been on a small scale.

18. The Department for Communities and Local Government (DCLG) has recently consulted on the Government's plans for radical reform of the social housing system. One element of this aims to improve mobility within the sector to take up employment or for other reasons. This Housing Benefit measure supports DCLG's future agenda for social housing, and helps provide incentives to encourage greater movement of tenants to make best use of the available social housing stock.

Consultation and involvement

19. The DWP conducted a wide ranging consultation on Housing Benefit reform at the end of 2009, more recently there has been consultation on welfare reform more generally. This measure was announced in the June 2010 Budget and since then, DWP has been working with DCLG and the devolved Administrations on how this might work in practice and how the individuals can be supported through the implementation and transition to this new measure. We have also met with groups representing local authorities and housing associations to listen to their concerns. The Work and Pensions Select Committee reported on the reforms to Housing Benefit on 22 December 2010 but made no specific comments on this measure.

20. We plan further consultation as the detailed policy is developed and formal consultation with local authority representative groups and other stakeholders will be carried out in 2011 following publication of the Welfare Reform Bill. In addition, detailed measures will be in regulations and there will be full consultation with stakeholder groups on the content of the regulations.

Impact of introducing restrictions to Housing Benefit for those living in the social rented sector who are occupying a larger property than their household size requires

Estimated Costs

Claimant costs

21. The introduction of the size criteria is likely to affect an estimated 670,000¹ Housing Benefit claimants living in the social rented sector at the time of its introduction in 2013/14. This is approximately 32% of all working-age Housing Benefit claimants living in social housing.

¹ Estimates of the impacts have been derived from the Department's Policy Simulation Model using reference data from the Family Resource Survey for 2008/09. Because estimates are based upon survey data, the results will be subject to sampling error.

22. As the qualifying age for State Pension Credit increases, the number of claimants affected is likely to increase to about 760,000 by 2020, assuming no other changes to the caseload.
23. Affected claimants will be faced with a choice:
- Continue to live in accommodation which is assessed as larger than their household needs, and make up any shortfall from their other income, or from savings; or
 - Move to accommodation which better reflects the size and composition of their household.
24. The behavioural change which could be brought about by this measure is difficult to estimate. There is currently very little movement of tenants in this sector. Estimates from the English Housing Survey for 2008/09 indicate that only 8% of social sector tenants had been living at their current address for less than a year. In contrast, the figure in the private rented sector was nearly 37%. Over 40% of tenants in the social rented sector had lived at their current address for 10 years or more.
25. Figures from the English Housing Survey for 2008/09 suggest that approximately 137,000 tenants in continuing households² left the social rented sector and moved into the private rented sector or became owner-occupiers. Approximately 181,000 households moved within the social rented sector (less than 5%). This includes all reasons for moving (for example, tenants moving to larger accommodation because of the birth of a child, or tenants moving into sheltered accommodation as a consequence of deteriorating health).
26. The movement of tenants will be determined not just from their own willingness to move, but on the availability of suitably sized accommodation in the area, and the approach taken by their landlord to enable such moves to happen. At the current time it is unclear how this will affect the choices of claimants that are likely to be affected by the measure.
27. Using the measure of under-occupation employed by Housing Benefit we estimate that approximately 32% of working-age Housing Benefit claimants are under-occupying accommodation in the social rented sector.
28. The average cost to affected claimants, in terms of reduced HB entitlement, is estimated at £13 per week in 2013/14. The size of the deduction will vary, depending upon the circumstances of the claimant. This includes the number of rooms by which they are under-occupying accommodation, and the level of their rent.
29. The majority of affected claimants (approximately 78%) are under-occupying their accommodation by just one bedroom. On average, these claimants will have their Housing Benefit reduced by £11 per week in 2013/14. Those claimants who have

² A “continuing household” is defined as a household in which the head of the household in the new accommodation is the same as in the previous household.

a greater number of excess bedrooms will experience larger average deductions from their Housing Benefit entitlement.

Under occupation of accommodation by	Estimated number of affected claimants	Percentage of affected claimants	Average weekly HB reduction per affected claimant (2013/14)
One bedroom	530,000	78%	£11
Two or more bedrooms	150,000	22%	£20
All bedrooms	670,000*	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey. * May not add due to rounding.

30. The distribution of losses amongst affected claimants is shown below. The majority of claimants (over 70%) are likely to experience losses of less than £15 per week, based upon 2013/14 prices. A small number of claimants will experience larger deductions, depending upon their rent and the extent to which they are under occupying their accommodation.

Amount of weekly deduction	Estimated number of claimants affected	Percentage of affected claimants	Average weekly HB reduction per affected claimant (2013/14)
Less than £5	10,000	1%	£3
£5 up to £10	200,000	30%	£9
£10 up to £15	270,000	40%	£12
£15 up to £20	120,000	18%	£17
£20 up to £25	40,000	6%	£21
£25 and over	30,000	5%	£34
All deductions	670,000	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey

31. As a result of the measure, the majority of those claimants affected, approximately 97%, are likely to experience a reduction in Housing Benefit but continue to be entitled. A small number of claimants, because they are in receipt of partial Housing Benefit are likely to find that their entitlement ceases, and they float off Housing Benefit completely. On average, those claimants that float off Housing Benefit will lose approximately £7 per week.

Amount of weekly deduction	Estimated number of claimants affected	Percentage of affected claimants	Average weekly HB reduction per affected claimant (2013/14)
Reductions in HB	650,000	97%	£14
Float off HB	20,000	3%	£7
All deductions	670,000	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey

32. The change in the Housing Benefit regulations affects the social rented sector. Based upon our modelling the impacts on Local Authority and Housing Association tenants are similar. Our estimates are that a slightly higher number of Local Authority tenants are likely to be affected by the measure, but that the deduction will, on average, be slightly smaller (about £13 per week in 2013/14, compared to £14 per week for housing association tenants). This reflects the fact that rents for local authority tenants are typically lower than the rents charged by housing association landlords.

Tenure type	Estimated number of claimants affected	Affected claimants as % of working-age SRS HB claimants in each tenure type	Average weekly HB reduction per affected claimant (2013/14)
LA tenants	370,000	33%	£13
HA tenants	300,000	32%	£14
All deductions	670,000	32%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey

33. Across Great Britain, we estimate that approximately 32% of working-age Housing Benefit tenants in the social rented sector are likely to be affected by the measure. Different regions will be differently affected, depending upon the level of under-occupation and average rent levels. We estimate that only around 19% of the relevant group are likely to be affected in London (although those with a deduction will experience larger losses, reflecting higher rent levels). Areas of southern England are also likely to be less affected by the measure than areas of northern England. In North East England we estimate that approximately 46% of Housing tenants are likely to be affected: The size of the deduction that they experience, however, will on average be smaller.

Government Office Region	Estimated number of claimants affected	Affected claimants as % of working-age SRS HB claimants in each region	Average weekly HB reduction per affected claimant
North East	50,000	46%	£12
North West	120,000	43%	£12
Yorkshire & Humberside	70,000	36%	£11
East Midlands	50,000	37%	£11
West Midlands	60,000	33%	£14
Eastern	60,000	36%	£14
London	70,000	19%	£21
South East	50,000	26%	£15
South West	30,000	28%	£13
Wales	40,000	42%	£11
Scotland	70,000	32%	£11
Great Britain	670,000	32%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey

34. There is also the potential for the measure to have a greater impact in:

- rural areas; and
- areas with lower concentrations of social rented housing.

This would be due to less alternative accommodation of the appropriate size being available locally. This could result in: the restriction being applied to the claimant's rent even though there is little suitable accommodation available in the area; the tenant considering moving further distances in order to secure accommodation of the appropriate size; in some cases the tenant could consider moving into the private rented sector; or rent out a room .

35. Different types of households will be more, or less, likely to be affected by the measure. Claimants (both couples and lone parents) with children are much less likely to be affected by the measure, as the children will be taken into account in determining the size of accommodation which is considered reasonable. Conversely, those without children are much more likely to be affected, with more than 40% of claimants likely to be affected. This is illustrated in the table below:

Family circumstances	Estimated number of claimants affected	Affected claimants as % of working age SRS HB claimants (within each family circumstance)	Average Weekly HB reduction per affected claimant
Age 60 and over, but under state retirement age	50,000	47%	£15
Under 60, couples with children	60,000	18%	£14
Under 60, lone parents	160,000	22%	£13
Under 60, couples without children	80,000	62%	£13
Under 60, single people	320,000	42%	£13
All family circumstances	670,000	32%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey

Claimants moving within the social rented sector

36. Claimants moving home within the social rented sector are likely to incur removal costs for moving from one property to another. The number of claimants affected would be determined by the behavioural impact of tenants and landlords to the measure. In some cases it is possible that social landlords will help facilitate the movement of tenants, or help to offset some of the costs associated with moving. The Department of Communities and Local Government is working with the Chartered Institute of Housing to develop a team of advisers who will work with local authorities and social landlords to assist them in making better use of stock. This team will advise authorities setting up under-occupation schemes based on good practice. These schemes will enable tenants to move to more appropriately sized accommodation within the social rented sector. We shall also work with the devolved administrations to see what can be done in Scotland and Wales.

37. £49 million has been set aside over the Spending Review period to help local authority housing teams implement the housing benefit reforms. This funding is separate from the Discretionary Housing Fund and is aimed at providing more help to people who may have to move, either through the provision of housing advice and support services or even helping some people with the costs associated with moving. The funding consists of £4 million for 2011/12 which has already been distributed to local authorities and a further £15 million for each of the following three years. We are currently considering how to allocate the £15 million for 2012/13.

Gender

38. In October 2010 there were around one million more single female Housing Benefit claimants than single male Housing Benefit claimants. The majority of these additional female claimants were lone parents.
39. Because there are higher numbers of female Housing Benefit claimants, any change to Housing Benefit would be expected to have a bigger impact on female claimants. This is evident in the table below and shows that larger numbers of female claimants are affected by the size criteria. However, as a proportion of the Housing Benefit caseload and the overall number of claimants in the social rented sector, the measure has no differential impact on claimants of either gender.

Gender or couple	Estimated number of claimants affected	Breakdown of working-age SRS HB claimants affected	Breakdown of all working-age SRS HB claimants	Breakdown of all SRS HB claimants	Average Weekly HB reduction per affected claimant
Single male	160,000	24%	23%	25%	£13
Single female	350,000	52%	52%	52%	£14
Couple	160,000	24%	25%	23%	£14
All	670,000	100%	100%	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey.

40. There is no significantly different impact on claimants of either gender. As a consequence, no mitigation has been specifically considered to address gender differences.

Disability

41. The impact of the measure on households containing a disabled claimant or partner, suggests that a higher proportion of households containing a disabled person would be more likely to be affected by the introduction of size criteria.
42. The table below considers the differences in the impact between disabled and non-disabled people. This is based on the definition of disability in the Equality Act 2010.

Disability status (based upon the claimant or partner having a DDA recognised disability)	Estimated number of claimants affected	Breakdown of working-age SRS HB claimants affected	Breakdown of all working-age SRS HB claimants	Breakdown of all SRS HB claimants	Average Weekly HB reduction per affected claimant
Disabled	450,000	66%	56%	67%	£13
Non-disabled	220,000	34%	44%	33%	£13
All	670,000	100%	100%	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey.

43. The proportion of disabled claimants affected by the measure is higher than for non-disabled claimants. Disabled claimants are, on average, older than non-disabled claimants. One consequence of this is that disabled claimants are also less likely to live in households with children. The size criteria affects a greater proportion of smaller households than larger households: Fewer people living in a household means that large accommodation cannot be justified under the size criteria, and Housing Benefit entitlement is reduced. This is often the case for households where the children have grown up and left home.
44. A small number of households containing a disabled adult and a non-resident carer will be assessed as having a reasonable requirement for an additional room. This will have the effect of reducing the number of disabled claimants affected by the measure. Further those living in supported accommodation, currently treated as 'exempt' from the 1996 Housing Benefit rules and from Local Housing Allowance will also be exempt from this measure
45. Those facing a rent shortfall can be considered for extra help from the Discretionary Housing Payment scheme. This allows local authorities to give extra help to those facing difficulties meeting their housing costs on a case by case basis
46. No effects specific to disability have been identified so far but they will be considered as the detailed policy is developed and the regulations considered.

Race

47. Figures on the ethnicity of the household reference person in affected households indicates that black and minority ethnic claimants are less likely to be affected by the measure than white claimants. This is associated with a higher proportion of black and minority ethnic claimants having children living with them as part of their household, and a tendency to have larger families. This means that under the size criteria, larger properties are appropriate for the claimant.

48. For the smaller number of black and minority ethnic households which are affected, average losses are larger. This is partially due to a higher proportion of black and minority ethnic claimants living in London where rents are higher than other parts of the country. It is also likely that having larger families, black and minority ethnic claimants are more likely to be under-occupying their accommodation when their children leave home.

Ethnicity	Estimated number of claimants affected	Breakdown of working-age SRS HB claimants affected	Breakdown of all working-age SRS HB claimants	Breakdown of all SRS HB claimants	Average weekly HB reduction per affected claimant
White	600,000	90%	84%	89%	£13
Black and minority ethnic	70,000	10%	16%	11%	£18
All	670,000	100%	100%	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey.

49. Black and minority ethnic claimants are proportionately less likely to be impacted by the measure, compared with all working-age Housing Benefit claimants living in the social rented sector. However, where affected, the impact on HB entitlement in absolute terms will be greater.

50. In designing the policy we considered whether the reductions should have varied in different parts of the country. This could have resulted in larger deductions being applied in areas like London. Part of the decision to propose a national deduction was based on consideration of the size of the reduction in Housing Benefit entitlement. A national deduction helps to avoid some of the very large and very small deductions that would be seen if setting rates at a regional or a local authority level. This helped to mitigate some of the larger deductions that would have otherwise been experienced by black and minority ethnic claimants.

Age

51. The impact on Housing Benefit claimants living in the social rented sector is shown in the table below. Younger claimants are less likely to be affected by the proposed size criteria. This is due to two factors: They are more likely to have children living with them in their household (contributing to the size of accommodation that it is reasonable for the claimant to occupy), and they are more likely to have been recently placed in social housing (so there is less opportunity for there to have been divergence between their initial and current housing requirements). Older claimants (but below state pension age) are more likely to be impacted by the measure and are more likely to be under-occupying accommodation once their children have left home. The measure does not apply to those over state pension age.

Age	Estimated number of claimants affected	Breakdown of working-age SRS HB claimants affected	Breakdown of all working-age SRS HB claimants	Breakdown of all SRS HB claimants	Average weekly HB reduction per affected claimant
Under 25	50,000	7%	11%	7%	£13
25 to 34	90,000	14%	22%	13%	£12
35 to 44	160,000	24%	27%	16%	£14
45 to 54	200,000	29%	23%	13%	£13
55 and over, up to State Pension age	170,000	26%	17%	10%	£14
State Pension age and over	Not Applicable	Not Applicable	Not Applicable	41%	Not Applicable
All	670,000	100%	100%	100%	£13

Source: Policy Simulation Model, using 2008/09 reference data from the Family Resource Survey.

52. The amount by which claimants experience a reduction in their Housing Benefit entitlement is approximately £13 per week, regardless of their age. However, older claimants are more likely to be affected, and more likely to be under-occupying accommodation, often because their grown-up children have left home.
53. The reason that this measure was targeted at working age claimants was because they are in a better position to be able to take up employment. In order to address the issue of those who are over-occupying accommodation and to make better use of social housing it is inevitable that those who have children that are no longer with them (and therefore older claimants) will be disproportionately affected by this measure.

Gender reassignment

54. The Department does not hold information on its administrative systems of transgender people and it is not likely that this will be available in the future. The Government does not envisage a disproportionate impact on these grounds.

Sexual orientation

55. The Department does not hold information on its administrative systems on the sexual orientation of claimants. The Government does not envisage an adverse impact on these grounds.

Religion or belief

56. The Department does not hold information on its administrative systems on the religion or beliefs of claimants. We do not see, however, that any of these groups would be disproportionately affected by this measure, although where larger families are associated with a particular religion or belief they will be affected in the same way as has been outlined under ethnicity above. The Government does not envisage an adverse impact on these grounds.

Marriage and Civil Partnership

57. The Department does not hold information on its administrative systems on the civil partnership status of claimants. The Government does not envisage an adverse impact on these grounds.

Pregnancy and maternity

58. The Department only holds information on pregnancy and maternity on its administrative systems where it is the primary reason for incapacity. It cannot therefore be used to accurately assess the equality impacts. The Government does not envisage an adverse impact on these grounds.

Monitoring and evaluation

59. The material in this Equality Impact Assessment covers the equality groups currently covered by the equality legislation, i.e. age, disability, gender (transgender), ethnicity, religion, sexual orientation, pregnancy/maternity and civil partnerships. DWP is committed to monitoring the impacts of its policies and we will use evidence from a number of sources on the experiences and outcomes of the protected groups.

- a) We will use administrative datasets, including the Single Housing Benefit Extract (SHBE), to monitor trends in the benefit caseloads for the protected groups and in the level and distribution of benefit entitlements. The administrative data will provide robust material for age and gender although not, as a rule, for the other protected groups. Where it is practical we will endeavour to incorporate information for the other protected groups.
- b) We will use survey data, such as the Family Resources Survey (FRS), to assess trends in the incomes of the protected groups. The FRS will collect information on age, disability, gender, ethnicity, sexual orientation, religion and civil partnerships.
- c) We will use qualitative research and feedback from stakeholder groups to assess whether there are unintended consequences for the protected groups, and whether the policy is likely to result in adverse consequences for particular groups.

d) We will utilise feedback from Departmental employee networks and internal management information. For example we will monitor the level of complaints in order to assess the broader impact of the policy.

e) We will draw on broader DWP research where appropriate, as well as any research commissioned specifically as part of the evaluation of the measure.

60. As part of our actions in the context of the data requirements under the Equality Act, we are looking across DWP activities to identify and address further gaps in data provision wherever reasonable.

Next steps

61. The measure will be introduced in the Welfare Reform Bill. Regulations will be made to provide for the detailed rules. Implementation work will be linked to the detailed policy design which will be kept as simple as possible in order to reduce added complexity whilst ensuring claimants are fairly treated. The Equality Impact Assessment will be reviewed as this progresses and account will be taken of consultation over the legislation and operational considerations.

Contact details

Lynne Isaacson, Housing Benefit Strategy Division, DWP

Lynne.Isaacson@dwp.gsi.gov.uk